AACC Office of Government Relations and Policy Analysis

CARES Act and Community Colleges

March 31, 2020

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OUTLINE OF PRESENTATION

- Introduction—Martha Parham, Ed.D., AACC Senior VP for Public Relations
- Welcome—Walter Bumphus, Ph.D., AACC President and CEO
- Presentation—David Baime and Jim Hermes
- Questions and Answers
TOPICS COVERED IN PRESENTATION

- CARES Act in Perspective
  - Funding: Education and Other
  - Student Financial Aid
  - Taxes, Unemployment Insurance
- Regulatory Actions
- Future Community College COVID-19 Related Issues
- Pre-COVID-19 AACC Advocacy Issues
- Presidential Campaign
CARES ACT IN PERSPECTIVE

- $2.2 Trillion Cost: ~ 10.4 % of U.S. Economy (2019 GDP)
- Assume Further COVID-19 Related Legislation
Frantic! – Legislation Constantly Morphed

Decisions Made By Leaders/Staff of Numerous Committees With Imperfect Communication

Higher Education Lobbied on Joint Funding Proposals

Outcome Leaves Work to Do
EDUCATION FUNDING: GENERAL PROVISIONS

- Higher Education Received Slightly More than K-12
- Governors Received $2.95 billion to Distribute to K-12 or Higher Ed
- State Maintenance-of-Effort Required, but can be Waived Due to “Precipitous Decline in Financial Resources”
3 Components for Higher Education:

- 90% of $ to Institutional Formula Grants
- 7.5% Funding to Title III and Title V of the HEA
- 2.5% to FIPSE for Colleges with Greatest Needs Due to COVID-19
EDUCATION FUNDING: HIGHER EDUCATION EMERGENCY RELIEF FORMULA GRANTS

- **$12.558 Billion Disbursed Directly by ED to Institutions**
  - More direct than ARRA
  - Includes for-profits
  - To “prevent, prepare for, and respond to coronavirus”

- **Complex Formula Based on Pell Grant Recipients**
  - Weighted at .75 per Pell FTE and .25 per non-Pell FTE (includes graduate and professional students)

- **100% online students (prior to emergency) excluded from formula**
EDUCATION FUNDING: HIGHER EDUCATION EMERGENCY RELIEF FORMULA GRANTS

- At Least 50% of Funds Must Be Used for “Emergency Financial Aid Grants” to Students Impacted by Coronavirus
- Institutions Have Broad Discretion to Use Funds for Additional Costs Related to COVID-19
$1.047 Billion Provided for Titles III And V Programs to Address Needs Directly Related to Coronavirus

Funds to be Allocated to Individual Programs on Relative % Of FY 2020 Funding In Titles

Broad Institutional Latitude on Spending
- At least 50% must be allocated to students
- Previously awarded program funds can be used for COVID-19 response

Grants Are on Top of Formula Funding/Other Funds in CARES Act

ED Plan for Distributing $ Not Yet Available
EDUCATION FUNDING: EMERGENCY RELIEF VIA FIPSE (TITLE VII PART D)

- 2.5% of Funds ($349 Million) for FIPSE Part D
- Priority For Smaller Colleges
  - Colleges that receive < $500,000 from 2 other CARES relief funds and demonstrate significant unmet needs related to COVID-19
- At Least Half of $ Must be Used for Students
- FIPSE is a Tried-and-True $ Distribution Vehicle
$345 Million Provided for Dislocated Workers Assistance
National Reserve

TANF Block Grant Reauthorized Through 11/20
- Includes Health Professions Opportunity Grants

Title VIII of the Public Health Service Act (Nursing and Allied Health) Reauthorized
STUDENT AID PROVISIONS

- Return of Title IV Not Triggered by COVID-related Withdrawal for Either Institutions or Students
- Satisfactory Academic Progress Calculation Modified to Reflect COVID Impact
- Institutions Can Transfer 100% FWS Funds to SEOG
- SEOG Awards Can be Increased to Pell Grant Maximum
- Campus-Based Institutional Match is Waived Through 2020
STUDENT AID PROVISIONS

- Federally-held Loans Will Not Need to Be Paid Through 9/30/20
  - > 80% of total outstanding loans, but not all
  - Interest Will Not Accrue
- Loans Forgiven for Periods in Which Withdrawal Occurs
- Students Can Receive FWS for up to One Academic Year Even if They are Precluded from Performing Jobs
- Pell Received During a Period of Enrollment Impacted by Emergency not Counted Against Lifetime Limit
TAX AND OTHER PROVISIONS

- Student Debt of Up to $5,250 Can be Paid Tax-Free by Employers
- $300 Charitable Deduction Allowed for Non-Itemizers
- $150 Billion State Fund that Colleges May Access
- Expanded Unemployment Insurance, Including for Part-Timers Not Previously Qualified
- $350 Billion in SBA Loans for Institutions with Fewer Than 500 Employees
REGULATORY ACTIONS

- ED Halts Collections from Defaulted Borrowers
  - Wage Garnishment, Withholding Federal Tax Refunds, Social Security and Other Payments
- Student Loan Relief – Interest Rate Set at 0% for 60 Days
- Loan Offsets to be Refunded to More Than 830,000 Borrowers
- Guidance for Complying with Federal Disability Laws
FUTURE COMMUNITY COLLEGE ISSUES RELATED TO COVID-19

- Further Support to Mitigate COVID-19’s Financial Impact on Institutions and Students Will Remain an Urgent AACC Priority
- Job Training Investments a Probable Community College Request
  - Senators Kaine and Young legislation, S. 3273, on table
  - $150 Million SCCT grant increase included in House version of CARES
- Student Loan Forgiveness Will Likely Be on the Table, A Democratic Priority Eschewed in CARES
- Infrastructure Discussions May Be Resurfacing
PRE-COVID-19 AACC ADVOCACY ISSUES

- HEA Reauthorization
- House Apprenticeship Legislation
- FY 2021 Appropriations
- Final IRAP Regulation (Published 3/11/20)
- Final Title IX Regulations Due Very Soon
Higher Education Expected to Be a Central Issue

Free Community/Public 4-Year College and Student Loan Forgiveness Major Themes

AACC Campaign Agenda Available on AACC Site
STAY ENGAGED WITH AACC’S FEDERAL ADVOCACY EFFORTS!

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